

Office of the State Auditor  
Financial and Compliance Audit of Western Colorado University  
Fiscal Year 2022

Responses to Prospective Bidder Inquiries:

1. Do you have a mandatory rotation of auditor for FY 22? What is the reason for the RFP? Is the current audit firm allowed to bid and how long have they been conducting the audit of the University?

As noted in the RFP in Section I, Part N. states “The successful bidder will be awarded a one-year contract which may be renewed on an annual basis for up to four additional years subject to acceptable performance and costs.” Therefore, the audit goes up for RFP every 5 years.

The OSA’s policy requires a 10-year rotation of audit firms. The current auditor performed the audit for the University for the previous 10 years. However, due to the impacts of the pandemic, including circumstances of University staffing turnover, we would allow the current auditor to provide a proposal, but it would only be considered for a one year contract that will not be subject to the four additional years for renewal.

2. How long has the University had the current auditor (including time prior to the firm acquisition)? Given its inherent advantage in terms of knowledge of the University, how receptive is the University to considering a change in auditor?

According to University staff, the current auditor has completed the last ten years of audits. That firm is not eligible to bid due to rotation limitations.

3. What were the fees charged for the 2021, 2020, and 2019 services listed in the RFP?  
The total contract fees for Fiscal Years 2019, 2020, and 2021 were \$47,950, \$37,940, and \$43,900, respectively.

4. Were there any additional audit fees billed last year pertaining to services provided outside the scope of the services listed in the RFP? If so, can you provide a list of services and additional fees pertaining to those services?

There were additional audit fees billed that were outside the scope of the services listed in the RFP which were related to the performance of additional financial audit procedures on funds received from the federal Higher Education Emergency Relief Fund (HEERF) during Fiscal Year 2021. The fee for this was \$2,000 and is included in the total contract fee for Fiscal Year 2021 in the question above.

5. What were the total hours for each of the last three years of audits?

The actual number of hours and levels of audit staff for this audit was not provided to us.

6. Is there a process for posting follow-up questions received from other potential bidders?

All RFP questions received are combined together in one document and will be emailed back to each potential bidder who submitted questions. The responses will also be posted on our website along with the RFP at:

<https://leg.colorado.gov/agencies/office-state-auditor/requests-proposals>.

7. For this RFP, who will comprise the selection committee (i.e., Office of the State Auditor personnel, Department personnel, etc.)?

As outlined in the RFP, Section III, Part A, an OSA evaluation team, which is OSA personnel, will judge the merits of all proposals received and will select the bidder whose proposal is most responsive to the State Auditor's needs while being within available resources. As noted in Section I, Part G, the State Auditor reserves the right to accept or reject, in part or in its entirety, any or all bids received as a result of this RFP if, in the opinion of the State Auditor, it is in the best interest of the State to do so.

8. Are you currently aware of any areas for which OSA would like additional audit procedures performed beyond the standard audit plan or mentioned in the RFP?

We are not aware of any areas requiring additional audit procedures at this time.

9. How much of your audit was conducted virtually the past year? What about before COVID? What are your preferences? What is best onsite?

According to University staff, in Fiscal Year 2021, the normal in person visits for interim and final fieldwork were conducted on-site. In Fiscal Year 2020, the interim work was done remotely, but the final fieldwork was done in person. Prior to the COVID pandemic, our auditors spent roughly a week (sometimes limited to 3.5-4 days) onsite during each of interim work and final fieldwork.

10. Is there a requirement for work to be conducted on-site, or can this engagement be carried out remotely?

According to University staff, historically, two weeks (one for interim fieldwork, one for final fieldwork) have been on-site. The University is open to considering a fully remote engagement, especially if this allows for cost-savings due to a lack of travel.

11. What is the University's preferred timing for interim and final fieldwork? How many auditors were onsite for both interim and final fieldwork and for how long?

According to University staff, typically interim work has been conducted in May (preferable) or June. Final fieldwork has typically occurred in September. Typically there have been 2-4 people on-site, depending on whether the work was interim or final fieldwork. The auditors typically schedule a week on-site for both interim and final fieldwork, although occasionally they completed a day early and were able to shorten their visit.

12. From a timing perspective, what is the earliest preliminary fieldwork could commence? When has fieldwork for the audit historically commenced?

Interim fieldwork can begin as soon as the OSA has a completed contract with the awarded firm, a signed engagement letter has been obtained from University management, and an entrance conference has been held with the University/contract auditor/OSA. The firm awarded the contract may contact the University to determine the best timing for performing interim and fiscal year-end audit work. In general, single audit work may be performed at interim, with testwork related to coverage through the end of the year performed at a later time. Fiscal year-end financial work may begin after fiscal year end close, which is approximately the beginning of August. All testing generally needs to be done based on the associated attest due dates as noted in the RFP documents. This timing is normally discussed during the entrance conference.

According to University staff, typically interim work has been conducted in May (preferable) or June. Final fieldwork has typically occurred in September.

13. We noted the required deadlines outlined in the RFP; can you please provide information on when fieldwork or test work typically happens?

- a. When are interim tests of controls and financial systems typically conducted? When do you prefer this to happen?

According to University staff, these procedures have typically been performed in May (preferred) or June.

- b. When are final numbers/trial balances ready? When do you provide draft financial statements to the auditors?

According to University staff, final numbers and financial statements are typically completed in late August / early September. Footnotes / MD&A are typically not available until later in September.

- c. When is the NCAA AUP work typically performed?

According to University staff, in the last few NCAA AUPs, this has required a separate visit during October due to the University's limited staff size and primary focus on the University audit during July – September.

14. Historically, how many auditors does the University have on-site during audit interim fieldwork and final fieldwork?

According to University staff, typically there have been 2-4 people on-site.

- a. Historically, how long have those auditors been on-site for interim fieldwork and final fieldwork?

According to University staff, in the last few years, the auditors have scheduled a week for each of interim and final fieldwork. In some cases, they have finished a day early and required only four days on-site.

- b. Historically, how long have those auditors worked remotely for interim fieldwork and final fieldwork, if applicable?

According to University staff, due to the COVID-19 pandemic, interim work for Fiscal Year 2020 was completed remotely. Otherwise, the on-site times are listed above and all other necessary work was completed remotely.

15. How many auditors are on-site during each stage of the audit process, and what is the composition of the audit team?

According to University staff, typically there have been 2-4 people onsite, depending on whether the work was interim or final fieldwork. Staff we generally engage with are a partner, a manager, and then 1-2 other staff.

16. Are there preferences given to firms located closer to the University?

According to University staff, historically some on-site work has been performed, so increased travel costs would be the main consideration in this regard.

As noted in the RFP in Section II, Part H, the proposal must state the total inclusive maximum fee for which the work requested will be done, and provide separated fees for audit work of federal major programs, NCAA procedures, and state-funded student financial assistance.

17. With respect to the availability of audit documentation that may assist in reducing first-year costs:

- a. Does the University have the ability to provide the majority of the requested audit work papers electronically to facilitate off-site audit work to minimize travel costs?

According to University staff, nearly all audit files are electronic and could be transmitted electronically. Most PBCs are currently uploaded to a secure site of our auditors.

b. Does the University have documented internal control procedures/memos?  
According to University staff, yes.

c. Does the University have a working copy of the prior year PBC (prepared by client) audit lists and confirmations (if applicable)?  
According to University staff, yes.

18. What works well with the current audit process?

According to University staff, the University has had the same firm as auditors for 10 years, so much about the relationship functions well. The auditors understand the University, the staff, and our processes and reports well.

19. What could be better with the current audit process? Any improvements you would like to see to the audit process?

According to University staff, nothing immediately comes to mind.

Overall, responsiveness and proactive, clear communication between the contract auditor and the OSA is essential. The auditor must complete the audit in accordance with all due dates established in the timeline, which is especially important so that that OSA has appropriate time to review.

20. The RFP states that a final audit report must be delivered to the State Auditor by November 1st. However the last audit was dated by the Auditor on January 14th. What caused the audit to be delayed in getting issued? And, what procedures have been put in place to ensure the 2022 auditor will have appropriate time to issue by November 1st?

Recent delays have all been attributed to the COVID-19 pandemic and the timing of the OMB Compliance Supplement and related addendums. As stated in the RFP, the final audit report must be delivered to our office by November 1, 2022 for our review, so the auditor must plan to have a draft report to the OSA for review by October 14, 2022. Delays, including delays due to the number of financial audit reports received by the OSA for review during October, result in report finalization dates subsequent to November 1, but these issues vary each year. After our review is complete the report must then be released by the Legislative Audit Committee (LAC). The dates of the LAC hearings for November and December vary each year.

21. What types of problems, if any, have been encountered during recent audits that caused delays in meeting OSA deadlines?

According to University staff, during the Fiscal Year 2021 audit, the University controller left (August 2021) and the remaining staff struggled to meet certain deadlines during the Fiscal Year 2021 audit, which resulted in a significant deficiency for that audit year. The University has since replaced the University controller with a previous University controller that has significant knowledge of the University, is increasing cross-training to other staff members, and does not anticipate any issues with meeting deadlines in the future.

22. Did the University have any control deficiency communications from its auditors for the most recent audit period (other than those material weaknesses and significant deficiencies included in the audit report)? If yes, can you please provide them?

The control deficiency communications are included as part of the report for the University. The Fiscal Year 2021 report can be found on the OSA website at: <https://leg.colorado.gov/audits/western-colorado-university-fiscal-years-ended-june-30-2020-and-2021>

23. Will the University be preparing the annual financial statements for the auditor's review, or will the financial statements be prepared by the external auditors?

According to University staff, the University prepares the annual financial statements.

24. How involved are the auditors in preparation of the financial statements versus management? Does management prepare the draft financial statements and footnotes, including RSI?

According to University staff, the University prepares the financial statements, footnotes, and RSI. The auditors do a compilation of individual files (excel, word) into one master document, but otherwise are not involved in the preparation.

25. When does University plan on having the following financial statements (including MD&A and Footnotes) drafted and ready for the Auditor to perform audit work?

According to University staff, the full financial statements, including notes and MD&A are typically not available until mid-to-late September. (The financial statements themselves are typically available in early September.)

26. Who drafts the financial statements and what is the independent auditor's responsibility for formatting the financial statements as well as printing and binding them?



According to University staff, the preparation of statements, notes, and MD&A is the University's responsibility. Currently, the audit firm then compiles several independent files (word, excel) into one comprehensive document. The University typically requests 5-10 printed and bound copies.

As noted in the RFP in Exhibit A, Section D, the Contractor shall deliver to the State up to 50 copies of the bound report as determined by the State at the time of report finalization.

27. When are the Western Colorado University Foundation's financial statements complete?

According to University staff, a draft of the Foundation's audit report is typically available by September 1. The final report is usually available in late September or early October.

28. Please confirm that the audit of the discretely presented component unit, Western Colorado University Foundation, is not part of the requested audit scope.

According to University staff, correct. This audit is completed by another firm.

29. Are there any known significant transactions or activities planned for the future periods that should be considered in our proposed fee structure? Have there been any significant changes in the operations of the organization since the 2021 audit that would have a significant impact on the scope of the engagement?

According to University staff, the University will be implementing a new ERP system for HR and Finance in December 2022, which will mean that Fiscal Year 2023 will occur partially in our existing system (Ellucian Banner) and partially in our new ERP (Workday). The student portion of our ERP will remain Banner for at least another year, but may also be migrated to the Workday platform subject to State funding for that second phase of the ERP conversion. In addition, the University is currently investigating PPP options for new faculty/staff/student housing. No agreements have been signed in that regard, but it is possible that a PPP deal may be struck in the near future. Finally, the University received a significant contribution of both a cash pledge and the donation of a 75,000 sf building that are expected to be recognized in Fiscal Year 2022.

30. Have there been any changes or departures in key staff, at all levels, in the past year that would affect the upcoming audit? Are you aware of any upcoming departures of key financial reporting personnel due to retirements, etc. in the next year or two? Since June 30, 2021, have there been any significant changes to the University's management responsible for financial reporting and compliance? If so, can you

summarize the significant changes at a high level. Has the University had any significant turnover in accounting or Student Financial Aid staff in the past year?

According to University staff, yes. The University's controller left during Fiscal Year 2021 year-end close (in August 2021). (This person was only in the role from April 2020 to August 2021.) In October 2021, a replacement controller was hired. The replacement controller had previously been the University controller from 2015 – 2020 and has significant knowledge about the University and oversaw Fiscal Year 2016, Fiscal Year 2017, Fiscal Year 2018, and Fiscal Year 2019 audits. Additionally, due to a reorganization, the prior CFO moved into a role outside finance and the EVP/COO now oversees the accounting function, however that person has always been significantly involved in finance operations and oversaw the CFO.

31. Are there any significant capital projects/improvements expected to be entered into during the year ending June 30, 2022?

According to University staff, the University received a significant capital gift in Fiscal Year 2022 of a 75,000sf academic building. That capital gift will be recognized in Fiscal Year 2022. In addition, the University is in the process of implementing a new ERP for HR and Finance (will be completed in December 2022) that has associated capital spending. Most other capital projects are relatively small in size.

32. Does the organization expect to have any significant new grants or other contracts during the year ending June 30, 2022?

According to University staff, nothing significant is new. The University will complete spending of its HEERFIII funds in Fiscal Year 2022. The University also will be recognizing a significant pledge during Fiscal Year 2022.

33. Is the University anticipating any significant new federal awards that will result in additional programs that will need to be tested as a major program for the federal compliance audit for the year ending June 30, 2022?

According to University staff, no, there is nothing new that is significant.

34. As it relates to any potential Type B programs that may need to be audited at the University for the statewide single audit; what is your estimated timeframe for the completion of the Fiscal Year 2021 Statewide audit and for the Office of the State Auditor to perform its preliminary determination for Type B programs to be audited at the statewide level?

It is estimated that the Fiscal Year 2021 Statewide Financial Audit report will be released in March 2022 by the Legislative Audit Committee and the Fiscal Year 2021



Statewide Single Audit report will be released in June 2022 by the Legislative Audit Committee.

The OSA plans to complete the Fiscal Year 2022 preliminary major program determination in March/April and will advise which major programs, including Type B program(s), to test, if any.

35. Does the University have an internal audit function? If so, please provide any reports that would have an impact on the financial statement audits.

According to University staff, no, the University does not have an internal audit function.

36. Is there any role of Internal Audit in the external audit process? If so please describe if there are any audit assistance procedures performed by the internal auditor.

According to University staff, the University does not have an internal audit function.

37. Are there any significant changes in internal controls, reporting structure or operating strategies from 2021?

According to University staff, due to a reorganization, the CFO moved into a role outside finance and the accounting function now reports to the EVP/COO. The EVP/COO has always been heavily engaged in finance and previously oversaw the CFO.

38. Does the University plan on doing any bond issuances in the next year? When the University does issue bonds, what services do they require from their external auditors?

According to University staff, there are no plans at this time and no services are required from the external auditors.

39. Have there been any regulatory audits performed during the year? If so, were there any findings or issues brought to management's attention?

According to University staff, no.

40. How many of the State Controller's office exhibits does the department complete? If possible, can you specify which exhibits those are to help gauge the scope of work?

According to University staff, in Fiscal Year 2021, the University prepared the following exhibits: Exhibit B, Exhibit C, Exhibit D2, Exhibit E1, Exhibit F2, Exhibit I, Exhibit J, Exhibit K3, Exhibit M, Exhibit N1, Exhibit O1, Exhibit R, Exhibit U1, Exhibit U2, Exhibit V1, Exhibit V2, and Exhibit W2.

The exhibit templates and instructions are on the Office of the State Controller's website at: <https://www.colorado.gov/pacific/osc/fiscalprocedures>.

41. Please provide a list of IT systems for the financial statement audits. Please comment on how integrated these systems are and whether any systems are outsourced.

According to University staff, the University's main ERP system is Ellucian Banner. The University also feeds summary-level activity to the State's CORE system on a monthly basis.

42. Has the existing CPA firm performed the IT general control testing in the past or contracted that service? If contracted, who performed the service?

In past years, the existing contracted CPA firm performed the IT general control testing for the Department.

43. Does the OSA expect an IT auditor to be used on these engagements or will the OSA continue to test CORE and provide a specific IT program to contractors for use at the individual departments?

The OSA has an IT audit team that tests CORE and other relevant Statewide systems; however, the contract auditors are required to provide IT audit staff and to identify the University's key information technology systems and determine the extent of testing to be performed on those systems in accordance with auditing standards.

44. Does the University use any IT systems outside of CORE? If so, how have the controls over IT for these systems been tested in the past?

According to University staff, yes, the University's main ERP system is Ellucian Banner. Transactions from that system are fed on a summary-level into CORE on a monthly basis. The CPA firm engaged does certain testing and review of our use of Ellucian Banner and CORE.

45. Have there been any changes in the IT systems in the last year?

According to University staff, no, although the University is currently in the process of implementing a new HR and Finance ERP system, which will be completed in December 2022 (Fiscal Year 2023).

46. What software systems does the University utilize? Is there an anticipated system conversion in the next year?

According to University staff, the University currently uses Ellucian Banner. Yes, the University is currently in the process of implementing a new HR and Finance ERP

system, which will be completed in December 2022 (Fiscal Year 2023), which will be Workday.

47. What are the key information systems that historically have been in scope and what is the purpose/use of each?

According to University staff, the University's ERP system is Ellucian Banner (HR, Finance, and Student transactions). Transactions from that system are fed on a summary-level into the State's CORE system on a monthly basis.

- a. Have there been any changes or migrations of information systems that are financially significant during FY 22? Are there any planned migrations in the future?

According to University staff, no changes during Fiscal Year 2022, but the University is currently in the process of implementing a new HR and Finance ERP system (Workday), which will be completed in December 2022 (Fiscal Year 2023).

48. Are there any known significant transactions/activities outside the normal course of business planned for the period covered by the Request for Proposal that should be considered in our proposed fee structure that were not present in FY 2021 or prior?

According to University staff, the University will be implementing a new ERP system for HR and Finance in December 2022, which will mean that Fiscal Year 2023 will occur partially in our existing system (Banner) and partially in our new ERP (Workday). The student portion of our ERP will remain Banner for at least another year, but may also be migrated to the Workday platform subject to State funding for that second phase of the ERP conversion. In addition, the University is currently investigating PPP options for new faculty/staff/student housing. No agreements have been signed in that regard, but it is possible that a PPP deal may be struck in the near future. Finally, the University received a significant contribution of both a cash pledge and the donation of a 75,000 sf building that are expected to be recognized in Fiscal Year 2022.

49. Please describe any outside service organizations (third party service providers) used by entity that have an impact on accounting or financial reports (such as ADP, investment management, etc.).

According to University staff, the University uses UNISA as the servicer on its Perkins Loan program and gets a SOC-1 from UNISA.

50. Are there any significant regulatory or compliance issues that you are aware of that could impact the FY 2022 financial and compliance audit?

According to University staff, no.

51. Has the University adopted the new GASB Lease standard? GASB 87 is anticipated to be an additional audit effort in the upcoming year of implementation. Should fees be separated out on the fee schedule for this?

According to University staff, no, but the University currently has nominal lease obligations, primarily related to office copiers. There are currently no capital leases and total future rental obligations at the end of Fiscal Year 2022 on operating leases were \$104K, so GASB 87 is not expected to have a material effect on the University's financial statements. Given this information, please include any anticipated costs related to GASB 87 as a separate line in the fee schedule.

52. Has the University assessed the impact of GASB 87 yet and will the University need assistance with implementation? Please describe the readiness of the organization to implement this new standard and approximate number of leases to evaluate. Will a software solution be used for tracking and implementing this new standard?

According to University staff, the University currently has nominal lease obligations, primarily related to office copiers. There are currently no capital leases and total future rental obligations at the end of Fiscal Year 2022 on operating leases were \$104K, so GASB 87 is not expected to have a material effect on the University's financial statements. The University does not anticipate needing any assistance with the implementation and will not be using a leasing software.

53. Is the University planning to early adopt any recent and new accounting pronouncements? If so, can you briefly summarize the planned early adoptions.

According to University staff, there are no plans for early adoption.

54. Does the University have any unusual or complex accounting issues or are any expected in future years?

According to University staff, the University will be implementing a new ERP system for HR and Finance in December 2022, which will mean that Fiscal Year 2023 will occur partially in our existing system (Banner) and partially in our new ERP (Workday). The student portion of our ERP will remain Banner for at least another year, but may also be migrated to the Workday platform subject to State funding for that second phase of the ERP conversion. In addition, the University is currently investigating PPP options for new faculty/staff/student housing. No agreements have been signed in that regard, but it is possible that a PPP deal may be struck in the near future. Finally, the University received a significant contribution of both a cash pledge and the donation of a 75,000 sf building that are expected to be recognized in Fiscal Year 2022.

55. It would appear the testing of State Student Financial Aid was performed in FY21 can you please clarify whether it needs to also be performed in FY2022 as noted in item c on page 5 of the RFP or if the work would not need to be performed until FY2023? As such should the pricing submitted for FY22 include the pricing for the state SFA engagement in the all-inclusive pricing, as a separate line item in the fees, or will the OSA establish a set pricing for that engagement similar to the federal programs and NCAA fees?

The State Student Financial Aid audit was conducted in Fiscal Year 2021 and is completed every other year. Thus, the next time the State Student Financial Aid audit will be performed will be in Fiscal Year 2023. For Fiscal Year 2022, the anticipated price is \$3,700 for State Funded Student Financial Aid testing. The firms' proposal should include pricing for that work as a separate line item in the fees.

56. How many adjustments were proposed during the most recent audit and how many were recorded and how many were waived? Were any of the adjustments repeats from prior year audits?

The University's corrected and uncorrected misstatements for the prior two years are contained within the University's Fiscal Year 2021 and 2020 audit reports. The University's Fiscal Year 2021 and 2020 audit reports (Report Nos. 2138F and 2038F, respectively) are available on our website:

<https://leg.colorado.gov/audits/western-colorado-university-fiscal-years-ended-june-30-2020-and-2021>

<https://leg.colorado.gov/audits/western-colorado-university-fiscal-years-ended-june-30-2020-and-2019>

57. Please provide a copy of the most recently completed audit of the School's State-Funded Student Financial Assistance Programs.

The copy of the most recently completed audit of the School's State Funded Student Financial Assistance Program can be found as part of the University's audit report on our website at the following link: <https://leg.colorado.gov/audits/western-colorado-university-fiscal-years-ended-june-30-2020-and-2021>

58. Please provide a copy of the independent auditor's report on the application of agreed-upon procedures to Western Colorado University's (the "University") Division II Intercollegiate Athletics Program Statement of Revenues and Expenses for the procedures performed as part of the FY 2019 audit.

The copy of the Fiscal Year 2019 audit report for the NCAA Agreed-Upon Procedures can be found on our website at the following link:

<https://leg.colorado.gov/audits/western-state-colorado-university-ncaa-agreed-upon-procedures-fiscal-year-ended-june-30-2019>

59. Please provide a copy of the latest management letter issued on internal controls to those charged with governance, if applicable (i.e., separate letter for any comments that may not have been included as a recommendation for finding in the FY 2021 financial statements for the University).

This information is part of the audit workpapers. Access to prior year work papers will be granted upon award of the contract.